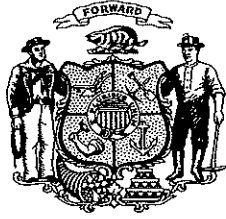


# STATE OF WISCONSIN

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## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Howard Marklein  
Representative Mark Born

Date: March 31, 2022

Re: DHS Report to JFC

Attached is a report on the overall condition of the Medicaid benefits budget and any changes to the program in the past quarter from the Department of Health Services, pursuant to s. 49.45(2n), Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

HM:MB;jm



State of Wisconsin  
Department of Health Services

Tony Evers, Governor  
Karen E. Timberlake, Secretary

MAR 31 2022

*St. Finance*

March 31, 2022

The Honorable Howard L. Marklein, Senate Co-Chair  
Joint Committee on Finance  
Room 316 East  
State Capitol  
P.O. Box 7882  
Madison, WI 53707

The Honorable Mark Born, Assembly Co-Chair  
Joint Committee on Finance  
Room 308 East  
State Capitol  
P.O. Box 8952  
Madison, WI 53708

Dear Senator Marklein and Representative Born:

As required under s. 49.45(2n), I am writing to provide an update for the third quarter of FY 22 on the overall condition of the Medicaid benefits budget and any changes to the program in the past quarter.

The Department projects a surplus in the Medicaid program of \$406.1 million GPR for the 2021-23 biennium. The table below reflects current estimates for Medicaid expenditures through FY 23, based on trends in enrollment, costs per enrollee, federal Medicaid financial participation, and third party revenues.

Projected Medicaid Expenditures for the 2021-23 Biennium (in millions)				
	December 2021 Projection		March 2022 Projection	
	GPR	All Funds	GPR	All Funds
Act 58 Budgeted Level	\$6,918.3	\$25,584.6	\$6,918.3	\$25,584.6
Projected Expenditures	\$6,733.4	\$25,319.9	\$6,512.2	\$25,207.3
<i>Difference</i>	<i>\$184.9</i>		<i>\$406.1</i>	

The primary reason for the significant increase in the projected surplus since last quarter's update is a further extension of the federal COVID-19 public health emergency declaration. Effective January 16, 2022, U.S. Health and Human Services Secretary Xavier Becerra extended the emergency for 90 days until April 16, 2022. The Families First Coronavirus Response Act (FFCRA) adds 6.2 percentage points to the federal Medicaid match rate for

expenditures during calendar quarters in which the public health emergency is in place. With the extension issued this past January, the enhanced match rate will be in place through June 2022. Act 58, the 2021-23 biennial budget, assumed the enhanced matching rate would end in December 2021. The Medicaid program must also continue to comply with FFCRA continuous coverage requirements during the public health emergency. The net impact of additional federal revenue, offset by higher enrollment due to the continuous coverage requirements, is \$95 million GPR.

In addition, this projection updates assumptions regarding enrollment levels in the program after the end of the COVID-19 public health emergency, based on the current condition of the state's economy and other trends in the program. Under this updated projection, overall Medicaid enrollment in May 2023 would return to a level slightly above actual enrollment as of March 2020, reflecting net growth consistent with trends before the pandemic. These revisions add approximately \$70 million GPR to the projected surplus.

The projection also reflects other adjustments to various service lines based on cost and utilization trends over the past three months.

Finally, this projection assumes no GPR impact resulting from the enhanced federal matching funds for Medicaid home and community-based services (HCBS) made available through the American Rescue Plan Act (ARPA). The federal ARPA legislation enables state Medicaid programs to claim an extra 10 percentage points of federal Medicaid match on eligible HCBS expenditures from April 1, 2021 through March 31, 2022. As a condition of receiving the funds, the state must reinvest an equivalent amount in a plan to enhance, expand, and strengthen Medicaid HCBS. The state has until March 31, 2024 to spend the reinvestment funds, and it can draw additional federal funding for reinvestments in Medicaid-eligible activities. Because of the reinvestment requirement, the enhanced HCBS match does not result in GPR savings in the current biennium.

*State Plan and Waiver Amendments*

The appendix lists Medicaid state plan amendments and waiver amendments submitted to the federal government in the past quarter.

Please contact me if you have any questions about this report.

Sincerely,

A handwritten signature in dark ink, appearing to read "Karen E. Timberlake", written in a cursive style.

Karen E. Timberlake  
Secretary-designee

## Appendix

### Proposed Medicaid State Plan Amendments and Waivers Submitted to the Federal Government for Approval

#### *State Plan Amendments*

*Amendment 22-0001 – Tribal Estate Recovery.* This amendment would exclude, for estate recovery purposes, tribal members' primary residence or homestead in geographic areas where the Bureau of Indian Affairs provides financial assistance and social services programs to tribal members. *Annual fiscal effect: No material impact.*

*Amendment 22-0002 – Fee-for-service Reimbursement Rates.* This amendment implements rate increases enacted in 2021 Act 58, the 2021-23 biennial budget, effective January 1, 2022. The amendment also implements the fee-for-service portion of the 5% rate increase for home and community-based services approved by the Joint Committee on Finance on December 13, 2021. The 5% rate increase is funded with federal American Rescue Plan Act (ARPA) enhanced home and community-based services funding through March 2024. *Annual fiscal effect: The combined annual fiscal effect for the fee-for-service rate increases along with corresponding increases for managed care and waiver services is \$266.8 million All Funds.*

*Amendment 22-0003 – Fee-for-service Ambulance Rates.* This amendment implements the rate increase for ground ambulance transport services enacted in the 2021-23 biennial budget. This amendment is in effect from January 1, 2022 through February 16, 2022, when it would be superseded by further rate increases in Amendment 22-0004. *Annual fiscal effect: The annualized fiscal effect would be \$11.2 million All Funds.*

*Amendment 22-0004 – Fee-for-service Ambulance Rates.* This amendment provides a further 16% rate increase to all ambulance rates effective February 17, 2022. *Annual fiscal effect: \$7.4 million All Funds.*

*Amendment 22-0005 – Inpatient and Outpatient Hospital Rates.* This amendment implements annual rate modifications to inpatient and outpatient hospital rates consistent with assumptions in the 2021-23 biennial budget. *Annual fiscal effect: \$2.7 million All Funds.*

*Amendment 22-0006 -- 21st Century CURES Act Compliance for Durable Medical Equipment.* This amendment would enable the Wisconsin Medicaid program to come into compliance with the federal 21st Century CURES Act requirements regarding reimbursement for oxygen. *Annual fiscal effect: No increase in costs.*

*Amendment 22-0007 Coverage of Usual and Customary Care for Participation in Clinical Trials.* To meet requirements in the federal Consolidated Appropriations Act, this amendment provides assurances that the Medicaid program covers usual care for Medicaid members participating in a clinical trial. *Annual fiscal effect: No material impact.*

*Amendments 22-0008 and 22-0009 Social Security Cost of Living Adjustment.* These amendments adjust income eligibility limits for elderly, blind, and disabled Medicaid recipients to reflect annual Social Security cost of living adjustments. *Annual fiscal effect: None.*

*Amendment 22-0010 COVID-19 Testing Coverage.* This amendment implements federally required state plan language attesting to coverage for COVID-19 testing without cost share. Wisconsin Medicaid already provides coverage for this benefit. *Annual fiscal effect: None*

*Amendment 22-0011 COVID-19 Vaccine Coverage.* This amendment implements federally required state plan language attesting to coverage for COVID-19 vaccine administration without cost share. Wisconsin Medicaid already provides coverage for this benefit. *Annual fiscal effect: None.*

#### ***Waiver Amendments***

*None.*